

Message Text

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43

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3503

LIMITED OFFICIAL USE CARACAS 3553

E.O. 11652: N/A

TAGS: ETRN, XX

SUBJECT: CIVAIR: FOREIGN GOVERNMENT SUBSIDIES TO FOREIGN
 AIRLINES

REF: STATE 79306

1. VENEZUELAN GOVERNMENT GIVES NO KNOWN DIRECT SUBSIDIES TO ITS INTERNATIONAL CARRIER VENEZOLANA INTERNACIONAL DE AVIACION S.A. VIASA. THE AIRLINE PAYS TAXES, LANDING FEES AND RECEIVES NO GOVERNMENT SUPPORT IN THE PURCHASE OF EQUIPMENT EXCEPT POSSIBLY GUARANTEES FOR LOANS BY CERTAIN GOVERNMENT AGENCIES ENGAGED IN THIS BUSINESS. HOWEVER, SUCH GUARANTEES ARE AVAILABLE TO PRIVATE FIRMS AS WELL.

2. AIRPORT AUTHORITIES AT MAIQUETIA AND MARACAIBO REPORT THAT RENTS CHARGED VIASA FACILITIES ARE THE SAME AS FOR FOREIGN CARRIERS, ALTHOUGH VIASA HAS OFTEN BEEN ABLE TO OBTAIN BETTER LOCATIONS OR ARRANGEMENTS.

3. ONE DISCRIMINATORY ELEMENT IS THAT VENEZUELAN GOVERNMENT HAS BEEN CHARGING VIASA DOMESTIC FUEL PRICES AND NOT EXPORT FUEL PRICES AS CHARGED FOREIGN CARRIERS. THE PRICE DIFFERENCE IS ALMOST 300 PCT ACCORDING TO PAN AMERICAN WORLD AIRWAYS.

4. SINCE VIASA HAS BEEN PROFITABLE THROUGHOUT ITS HISTORY EXCEPT FOR CALENDAR YEAR 1973, FINANCIAL ASSISTANCE TO WARD OFF ANY
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SERIOUS SITUATION HAS NOT BEEN NECESSARY. SINCE VENEZUELAN

GOVERNMENT OWNS 55 PCT OF THE AIRLINE, IT IS POSSIBLE THAT IN CASE OF
CONTINUING LOSSES SOME TYPE OF SUBSIDY MIGHT BE GRANTED. VIASA
MANAGEMENT EXPECTS 1974 TO BE PROFITABLE. VIASA HAS ALWAYS
PRIDED ITSELF BY STATEMENTS THAT THE AIRLINE HAS CONTRIBUTED TO
WEALTH OF NATION INSTEAD OF DRAWING ON IT.
MCCLINTOCK

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Message Attributes

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